GOVERNMENT OF INDIA
CHEMICALS AND FERTILIZERS
LOK SABHA

UNSTARRED QUESTION NO:1460
ANSWERED ON:03.05.2016
FDI in Fertilizer Sector
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Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:

(a) the details of the FDI inflow in the fertilizer sector during the last three years;

(b) whether there is a situation of shutting down fertilizer units especially those engaged in manufacture of urea;

(c) whether the situation is also encouraging more imports of urea with domestic urea manufacturing companies remaining stagnant; and

(d) if so, the details of the measures being taken to link the fertilizer sector with the Make in India campaign and boost the sector?

Answer

ANSWER
MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS

(SHRI HANSRAJ GANGARAM AHIR)

(a): There is no FDI flow in the fertilizer sector during the last three years.

(b): No, Madam.

(c): In view of (b) above, the question does not arise.

(d): To facilitate fresh investment in urea sector and to make India self-sufficient in the urea sector, the Government had notified New Investment Policy − 2012 on 2nd January, 2013 and its amendment on 7th October 2014.At present, there are 6 proposals with Department of Fertilizers for setting up of Greenfield and Brownfield (Expansion) projects.

Further, the Union Government has taken initiative to revive of Gorakhpur, Sindri, Talcher&Ramagundam units of Fertilizer Corporation of India Ltd (FCIL) and Barauni unit of Hindustan Fertilizer Corporation Ltd (HFCL). Current revival status of these units is as under:

1. Talcher unit of FCIL:

Talcher unit of FCIL is being revived by consortium of the nominated Public Sector Undertakings (PSUs), namely, RCF, CIL, GAIL and FCIL are in progress to set-up a coal-based fertilizer plant. A Joint Venture (JV) Company, namely, Rashtriya Coal Gas Fertilizer Limited, has been incorporated. Selection of coal-gasification technology is underway.

2. Ramagundam unit of FCIL:

Ramagundam unit of FCIL is being revived by consortium of PSUs namely Engineers India Limited (EIL), National Fertilizers Limited (NFL) and FCIL who have formed JV Company, namely, Ramagundam Fertilizers & Chemicals Limited (RFCL). Pre-Project activities started at site. Zero date of the project has been fixed as 25.09.2015. Concession agreement signed between RFCL and FCIL. The Project will be completed by September 2018.

3 & 4. Gorakhpur &Sindri units of FCIL:

Union Cabinet had approved revival of Gorakhpur &Sindri units on 'bidding route' in its meetings held on 31.03.2015 and 21.05.2015 respectively. In view of poor response from bidders for Request for Qualifications (RFQ) for these units and keeping in view current market scenario, it is under consideration to revive Sindri and Gorakhpur units of FCIL and Barauni unit of HFCL through Joint Ventures of profit making and financially strong Public Sector Undertakings (PSUs) of Ministry of Power, Coal and Petroleum & Natural Gas respectively.

5. Barauni unit of HFCL:

Union Cabinet in its meeting held on 31.03.2015 had approved revival Barauni unit of HFCL by demerger of Barauni Unit to create a new company. HFCL is currently under the purview of Board for Industrial and Financial Reconstruction (BIFR) therefore it is felt that

revival of Barauni unit of HFCL would be much faster if HFCL comes out of BIFR. Accordingly, for faster revival of Barauni unit of HFCL, a proposal for financial restructuring of HFCL to ensure positive net worth of the company is under consideration.

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